

OVERVIEW

The Audit Report contains 23 paragraphs including 2 reviews relating to non levy/short levy of taxes, interest, penalty, etc., involving Rs.576.20 crore. Some of the major findings are mentioned below:

I General

The revenue raised by the State during 2004-05 amounted to Rs.21,565.39 crore comprising Rs.19,357.04 crore as tax revenue and Rs.2,208.35 crore as non-tax revenue. Rs.4,236.39 crore was received from the Government of India as State's share of divisible Union taxes and Rs.2,649.75 crore as grants in aid.

Sales Tax (Rs.12,996.18 crore) formed a major portion (67 per cent) of the tax revenue of the State. Interest receipts, dividends and profits of Rs.590.05 crore accounted for 27 per cent of the non tax revenue.

(Paragraph 1.1)

At the end of 2004-05, the arrears in respect of taxes administered by the departments of Commercial Taxes, Revenue, Industries, etc., amounted to Rs.7,728.38 crore of which sales tax and mines and minerals accounted for Rs.7,362.36 crore.

(Paragraph 1.5)

Test-check of records of sales tax, state excise, land revenue, urban land tax, taxes on vehicles and other departmental offices conducted during the year 2004-05 revealed under assessments, short levy, loss of revenue, etc., amounting to Rs.852.56 crore in 2,430 cases.

(Paragraph 1.10)

As at the end of June 2005, 6,134 Inspection Reports issued upto December 2004 containing 20,477 audit observations with money value of Rs.2,399.64 crore were pending settlement with various departments.

(Paragraph 1.11)

II Sales Tax

A review on **Cross verification of sales/purchases** revealed the following

- In 50 assessment circles there was large scale omission to issue cross check references. Recommendation of PAC regarding checking of a minimum of 15 *per cent* of cases was not adhered to.

(Paragraph 2.2.6)

- Exemption was allowed against evasion prone commodities during the years 2000-01 to 2002-03 on a turnover of Rs.3,939.69 crore involving tax of Rs.182.32 crore, without ascertaining their sufferance to tax at earlier stages.

(Paragraph 2.2.7)

- Cross verification in audit revealed incorrect allowance of exemption of consignment sales of cardamom involving tax and penalty of Rs.24.96 crore in two assessment circles.

(Paragraph 2.2.9)

Incorrect grant of exemptions/concessions against declaration forms resulted in non/short levy of tax of Rs.2.34 crore.

(Paragraph 2.3)

Application of incorrect rate of tax resulted in short levy of tax of Rs.5.24 crore.

(Paragraph 2.5)

In 55 assessment circles in respect of 86 dealers, additional sales tax was either not levied or short levied to the extent of Rs.6.71 crore.

(Paragraph 2.7)

Erroneous waiver of tax under Samadhan Scheme amounted to Rs.83.80 lakh besides the consequent non levy of interest.

(Paragraph 2.8)

Interest of Rs.2.08 crore was omitted to be levied for belated payment of tax by four dealers.

(Paragraph 2.9)

III Land Revenue

A review on **Receipts from leasing of Government lands** revealed the following

- Failure to lease Government lands in three cases, although encroachers were in possession of the land for a long time, resulted in loss of revenue of Rs.6.31 crore, of which Rs.3.55 crore was for the last five years.
(Paragraph 3.2.6)
- Non renewal of leases in 22 lease cases resulted in non levy of lease rent of Rs.33.68 crore, of which, Rs.20.30 crore pertained to the five years.
(Paragraph 3.2.7)
- Non revision of leases in eight lease cases resulted in non levy of lease rent of Rs.17.45 crore, of which, Rs.10.72 crore was for the last five years.
(Paragraph 3.2.8)
- Short levy of lease rent in six lease cases resulted in short realisation of revenue of Rs.568.18 crore, of which, Rs.477.51 crore for the last five years.
(Paragraph 3.2.9)
- Non-assignment and non/belated resumption of government lands in respect of 35 lease cases and non collection of lease rent resulted in non realisation of revenue of Rs.300.72 crore, of which Rs.296.06 crore for the last five years.
(Paragraph 3.2.10)

In 18 taluks, demand notice in Form 4 under Revenue Recovery Act was not issued in 6,794 cases involving arrears of Rs.19.84 crore.

(Paragraph 3.3.4)

IV Stamp Duty and Registration Fee

In eight sub registries, erroneous allocation/excess allocation of transfer duty surcharge to local bodies resulted in incorrect allocation of Rs.1.09 crore.

(Paragraph 4.2)

V Taxes on Vehicles and State Excise

Additional tax of Rs.84.04 lakh in respect of 411 special permits issued was omitted to be levied.

(Paragraph 5.2)

In two distilleries, for short realisation of 3.77 bulk litres of rectified spirit, penalty of Rs.1 crore though leviable, was not levied.

(Paragraph 5.4)

VI Agricultural Income Tax

In one circle, for belated payment of advance tax, interest and penalty of Rs.58.56 lakh, though leviable, was not levied.

(Paragraph 6.2)